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REMARKS

I. Status of the Application

Claims 1-4 and 7-50 are pending. Claims 1, 9, 17 and 23 are amended. Claims 39-50 are new.

The Examiner is thanked for discussing the claims and prior art with the undersigned attorney in a telephone conversation on August 19, 2003. The Examiner's suggestions have been incorporated in new claims 41-49. No agreement was reached. As discussed in our phone conversation, the Examiner is invited to call the undersigned attorney after review of this Amendment to discuss the case.

II. The New Claims

New independent claim 40 recites a method for managing a sale of a tier-priced commodity by a utility having at least one computer. The method comprises determining first and second prices for the tier-priced commodity, by the at least one computer. The first price is for a first tier, non-interruptible commodity. As described on page 2, starting on line 10, "non-interruptible" means that the commodity is provided "on demand". For example, in the context of electric power, electricity is provided to the customer on a non-interruptible, high-priority basis (i.e., 24 hours a day, 7 days a week). The second price is for a second tier, interruptible commodity. An interruptible, second tier commodity is not necessarily available on demand. For that reason, the second tier commodity is typically less expensive than the first tier commodity. If the second tier commodity is not available (due to adverse weather conditions, such as heat, effecting demand, for example) when a customer or customer's utility needs it, the customer or utility may have to purchase the commodity on the spot market, which is typically more expensive than purchasing the commodity at the first tier or the second tier.

A value for an insurance instrument designed to indemnify against a risk of interruption of delivery of the commodity is also determined. The third price, which is a function of at least the second price and the value of the insurance instrument, is also determined, for sale of a bundled product comprising the second tier commodity and the insurance instrument. The commodity is offered for sale at the first tier for the first price and at the second tier with insurance, at the third price, by the utility. The use of the term "value" is supported by the term "price" in the specification and original claims, because "value" is "a fair return or equivalent in goods, services, or money for something exchanged" or "the monetary worth of something", for example. (Merriam-Webster's Collegiate Dictionary, Tenth Edition, 2001, p. 1302, a copy of which is enclosed.).

New claim 41 is not anticipated or rendered obvious by the cited references. The Cigna PowerBacker^(SM) product does not involve sale of a commodity or sale of a bundled product comprising both the second tier, interruptible commodity and an insurance instrument designed to indemnify against a risk of interruption of delivery, as claimed. The PowerBacker^(SM) product also does not involve determining prices for commodities at the first and second tiers and selling the commodity at the first tier. The sale of mass produced electronic devices, such as VCRs, with insurance against breakage, does not teach or suggest bundling a second tier, interruptible commodity with an insurance instrument indemnifying against the risk of interruption in delivery of the commodity from the utility. The risks are very different and the business relationships between the buyers and sellers of electronic products, and the buyers and sellers of commodities, are different. Enabling a customer to purchase the second tier, interruptible commodity bundled with the insurance instrument simplifies the purchase process for the consumer, offers the opportunity for greater flexibility in negotiations for the consumer and utility and may lower

overall costs to the consumer by lowering transaction costs, for example. The prior art is discussed in more detail, below.

New claim 42, dependent on claim 41, recites that the commodity is chosen from the group consisting of electricity, natural gas, water or telecommunications bandwidth. New claim 43, also dependent on claim 41, recites determining the third price, based, at least in part, on a purchase of the commodity.

New independent claim 44 is similar to claim 41, except that a computer is not recited and "an entity" is referred to instead of "a utility". It is respectfully submitted that it is not necessary to recite a computer, as explained in Section III, below. New claims 45 and 46, which are dependent on claim 44, are the same as claims 42 and 43, respectively.

New independent claim 47 is a system for managing the sale of a commodity by an entity, comprising at least one memory and a computer coupled to the memory. The memory stores commodity price data and insurance instrument data. The processor is programmed to determine a first price for a first tier, non-interruptible commodity, for sale by the utility, based, at least in part, on data stored in the memory. The processor is also programmed to determine a second price for a second tier, interruptible commodity, based, at least in part, on data stored in the memory. The processor is also programmed to determine a value of an insurance instrument designed to indemnify against a risk of interruption in delivery of the second tier commodity, based, at least in part, on data stored in the memory. The processor is also programmed to determine a third price for a bundled product comprising the commodity and the insurance instrument, for sale of the bundled product by the entity, wherein the third price is a function of at least the second price and the value of the insurance instrument.

New claims 48 and 49, dependent on claim 47, are similar to claims 42 and 43, respectively.

New claim 39, which is dependent on claim 1, recites determining a fourth price for the commodity at a tier where the at least one risk is not present and offering the commodity for sale at that tier at the fourth price. New claim 50, which is dependent on claim 20, recites determining the first price for the commodity at the first tier and offering for sale the first tier commodity at the first price

Support for the new claims may be found in the original claims, for example. No new matter has been added.

Entry and consideration of the new claims are respectfully requested.

III. Claim Rejections - 35 U.S.C. § 101

Claims 1-4, 7, 8, 13-27 and 34-38 have been rejected under 35 U.S.C. § 101 for allegedly being directed to non-statutory subject matter, because the recited steps may be performed by hand.

It is noted that the claims had been rejected under 35 U.S.C. § 101 for allegedly being directed to non-statutory subject matter in the first Office Action in the application, dated October 2, 2000. The Examiner alleged that it appeared that the claimed invention could be implemented with or without a computer and since the claims, broadly interpreted, could be implemented without a computer, it is "not in the technological arts." The rejection was addressed in an Amendment dated December 21, 2000. The rejection was withdrawn in the next Office Action dated March 13, 2001. Since the Applicant's response to this rejection in the October 2, 2000 Amendment was sufficient to overcome substantially the same rejection, it is repeated here:

The Examiner rejected Claims 1-8 and 13-15 under § 101 as directed to non-statutory subject matter, citing MPEP § 2106. Section § 2106 cites State Street Bank & Trust Co. v. Signature Financial Group, Inc., 149 F.3d 1368 (Fed. Cir. 1998). A USPTO White Paper entitled Automated Financial or Management Data Processing Methods (Business Methods), published on the PTO web site points out that "the State Street decision triggered an awareness of the 'business method claim' as a viable form of patent protection. . . . Such patents express the practical application (useful, concrete and tangible result) of technology that is the essence of an innovation. This segment of Class 705 is transitioning away from technology towards the end result the inventor is attempting to achieve with that technology." (Business Methods White Paper at p. 9). In the State Street case, the Federal Circuit explicitly allowed business method patents, ruling that "such claims should be treated like any other process claim." Id. at 1377.

Claims 1-8 and 13-15 recite steps to implement a process of selling tier-priced commodities at reduced risk and cost to the purchaser and increased efficiency for the seller. As claims directed to a process, the claims recite an invention within the scope of statutory subject matter defined in § 101.

Section 2106 requires "a practical application of the claimed invention, i.e., why the applicant believes the invention is useful." The invention is useful because it provides a means of selling tier-priced commodities at reduced risk and cost to the purchaser and increased efficiency for the seller. The claimed invention thus meets the requirements of § 2106.

The lack of a limitation requiring use of a computer to practice the invention does not negate patentability. For example, claims 1-8 and 13-15 could be implemented via a telephone network staffed by operators using an entirely manual information retrieval system for obtaining and providing pricing information. Reliance upon a computer database and/or interface is thus not required to practice the invention. Again, as a process the claims recite an invention within the scope of statutory subject matter defined in § 101.

As mentioned above, the rejection was withdrawn in the next Office Action dated March 13, 2001. Since substantially the same rejections was made and addressed early in the prosecution of the application, it is surprising that the present rejection has been made. It is respectfully submitted that there has been no change in the law that supports the reassertion of this rejection at this late date in the prosecution of the application.

Furthermore, the Examiner has not cited any case law or the MPEP for this rejection, and no support for this rejection has been found. The Federal Circuit has described the argument that process claims require physical limitations as "a misunderstanding of our case law." AT&T

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Corp. v. Excel Comm., Inc., 172 F.3d 1352, 1359 (Fed. Cir. 1999). The Court noted that the argument that physical limitations are necessary could have stemmed from the Freeman-Walter-Abele test, which had been used to inquire "whether the claim is directed to a mathematical algorithm that is not applied to or limited by physical elements." Id. However, the Federal Circuit also stated that it had held in its earlier State Street ruling that "the Freeman-Walter-Abele test has little, if any, applicability to determining the presence of statutory subject matter." Id., citing State Street Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1374 (Fed. Cir. 1998). In so holding, the court stated that "the mere fact that a claimed invention involves inputting numbers, calculating numbers, outputting numbers, and storing numbers, in and of itself, would not render it nonstatutory subject matter, unless, of course, its operation does not produce a 'useful, concrete and tangible result.'" Id.

In addition, the MPEP states that: "the subject matter courts have found to be outside the four statutory categories of invention is limited to abstract ideas, laws of nature and natural phenomenon." (MPEP § 2106, page 2100-11). The Examiner has not asserted that the claimed invention falls into any of these categories and they do not. The MPEP also states that: a process "limited to a practical application within the technological arts" is statutory. (MPEP § 2106, IV, 2(b)). A practical application is "a concrete, tangible and useful result; i.e., the method recites a step or act of producing something that is concrete, tangible and useful." *Id.* at page 2100-18. Since the Examiner has already held that the aforementioned claims produce a useful, concrete and tangible result (April 21, 2003 Office Action, page 6, lines 4-5), the claimed processes are statutory.

Withdrawal of the rejection and reconsideration of the claims are respectfully requested.

If the Examiner continues to maintain the rejection, it is respectfully requested that the Examiner provide support for the rejection.

IV. Claim Rejections - 35 U.S.C. § 112

Claims 1-4, 17, 18, 20, 21, 23, 24, 26, 27, 28-31 and 36-38 have been rejected under 35 U.S.C. § 112, second paragraph, for allegedly being indefinite. The Examiner continues to assert that these claims are indefinite because the "first price is never used or referred to."

A. Claim 1 and the Claims Dependent Upon It

It is respectfully submitted that the claims are definite. However, to advance the prosecution of the application, claim 1 has been amended to delete reference to "the first price." The claim has been further amended to be consistent with change. Claim 1 has also been amended to recite that there is "at least one risk associated with purchasing said commodity at said tier" in what is now the first paragraph of claim 1. This is the same language that had already been used in paragraph c of original claim 1 and is now in the second paragraph of amended claim 1. Since this language was already used in the claim, the scope of the claim has not been changed by this amendment. Since the basis for the Examiner's rejection of claim 1 and the claims dependent upon it have been addressed, withdrawal of the rejection and reconsideration of the claims are respectfully requested.

B. Claim 20 and the Claims Dependent Upon It

With respect to claim 20, recitation of the first price and the second price in the preamble further defines the "tier-priced commodity", which is also recited in the preamble. It is inherent that the claimed tier-priced commodity has at least a first price at a first tier and a second price at a second tier. The claims merely make explicit what would otherwise be implicit by reference to a "tier-priced commodity." The first price exists by virtue of the commodity being tier-priced.

The party practicing the claimed method of "selling a tier-priced commodity," might or might not determine the first price or do anything else with the first price. Reciting the first price defines the context of the method and therefore makes the claim more definite. However, doing anything with the first price is not necessarily part of the claimed invention.

The Examiner asserts that, in claim 20, the "first price at a first tier is never used or referred to beyond the initial determination step". However, there is no "initial determination step" in claim 20. Determination of the first price is not an explicit step of the claim. Since recitation of the first price merely defines the context of the method of the invention, as discussed above, it is not necessary for the first price to be further used in the claim. Claim 20 and the claims dependent upon it are not, therefore, indefinite. Withdrawal of the rejection and reconsideration of the claims are respectfully requested.

C. Claim 28 and the Claims Dependent Upon It

Claim 28 refers to the "first tier price" in the preamble and in step a, which recites "displaying to a customer on a customer display the first tier price." It is not, therefore, correct that the first price "is never used or referred to", as the Examiner asserts. Furthermore, there is no "initial determination step", as the Examiner also asserts. The first tier price is displayed to the customer, for use by the customer. For example, the customer may use the first tier price to evaluate whether to purchase the commodity at the first tier or the second tier (with the insurance). The customer's use of the first tier price is not part of the claimed invention. It is not, therefore, necessary to recite further steps with respect to the first price. It is respectfully submitted that claim 28 and the claims dependent upon it are, therefore, definite. Withdrawal of the rejection and reconsideration of the claims are respectfully requested.

D. Claim 36 and the Claims Dependent Upon It

The Examiner found claim 36 to be indefinite because it is allegedly not clear what happens if the first price and the second price are the same. The process does not require additional or different steps if the first price and the second price are the same or are different. In claim 36, the first price is the price that a first bundled product is offered to a first bidder and the second price is the price that a second bundled product is offered to a second bidder. The price at which the bundled product is offered to a particular party may depend, at least in part, on the particular risks faced by a particular party. (See Specification, page 13, line 16 ("bids are personalized for each bidder.")). If two parties face similar or the same risks, the first and second prices for the bundled product may be the same, as recited in claim 38. If the risks are different, the first and second prices may be different, as recited in claim 37.

The Examiner also asserts that claim 36 "recites that selling of a bundled product occurs if the first price and the second price are different." It is respectfully submitted that that is not the case. The first bundled product is sold to the first bidder "if the first bidder exceeds said first price by a greater amount than the second bidder exceeds said second price", as recited in step d. The second bundled product is sold to the second bidder "if the second bidder exceeds said second price by a greater amount than said first bidder exceeds said first price", as is also recited in step d. It does not matter whether the first and second prices are the same or different. It is the difference between each offered first price and the respective bid that determines to whom a respective bundled product will be sold.

It is respectfully submitted that claim 36 and the claims dependent upon it are, therefore, definite. Withdrawal of the rejection and reconsideration of the claims are respectfully requested.

V. Claims Rejections - 35 U.S.C. § 103

Claims 1-4 and 7-38 have been rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over Cigna's PowerBacker^(SM) product, as described in the cited references.

A. Claim 1 and the Claims Dependent Upon it

Amended claim 1 requires "offering said commodity at said tier [a tier with at least one risk associated with purchasing the commodity at the tier] for sale at a third price, wherein said third price is a function of at least said second price [price of the commodity at the second tier] and said third price [price of the insurance instrument]."

The PowerBacker^(SM) product references do not show, teach or suggest offering a commodity for sale at the claimed price (which is a function of at least the first price of the commodity at the tier and the second price of the insurance instrument). Cigna is an insurance company and only offers insurance for sale at a price. The commodity itself in the context of the PowerBacker^(SM) product is sold at the tier price by a seller of commodities. There is no showing, teaching or suggestion in the cited references for a commodity seller (who is not Cigna), to sell the commodity at the claimed price.

As discussed in detail in the Amendment dated February 10, 2003, on pages 18-19, "the 'price' a commodity is sold at by a seller and the 'cost' of a commodity and insurance to a purchaser are not necessarily the same. . . ." Applicant explained:

The Examiner asserted that the "fourth price" is the "total cost of the commodity per se plus insurance purchased to cover any loss associated with the commodity..." The "price" a commodity is sold at and the "cost" of a commodity and insurance to a purchaser are not necessarily the same, however. According to claim 1, the second tier commodity is offered for sale at the fourth price, which is a function of at least the first price and the second price. In the PowerBacker (SM) references, in contrast, a purchaser of a commodity would pay a first price for the commodity from one party (i.e., a commodity seller) and a second price for the insurance from another party (i.e., an insurance company). The total "cost" may be a sum of the first and second price, but the commodity is not offered for sale by any party for a single "price" that is a function of the prices

of both the commodity at the second tier and the insurance product, as claimed. In other words, as explained above, in the PowerBacker^(SM) references, a commodity at a second tier is not offered for sale at the fourth price, as claimed. Only an insurance product is offered for sale and sold. Furthermore, there is no teaching or suggestion in the prior cited by the Examiner to offer a commodity for sale at the fourth price defined by claim 1. Claim 1 and the claims dependent upon it are not, therefore, obvious in light of the PowerBacker^(SM) references or the other references cited by the Examiner. (Amendment, February 10, 2003, p. 19).

Since the PowerBacker^(SM) product does not show, teach or suggest offering a commodity for sale at the claimed price, claim 1 and the claims dependent upon it are not obvious in light of the cited references. Withdrawal of the rejections and reconsideration of the claims are respectfully requested.

B. Claims 9-12

Claims 9-12 have been rejected for the same reasons as asserted against claim 1, and, in addition, because implementing the purchase of energy and the purchase of insurance online is allegedly "old and well-known." Claim 9 has been amended to recite that the right to receive insurance indemnification is transferred to the customer from the seller of the commodity. Even if online energy purchase and online insurance purchase are separately known, the Examiner has not cited any showing, teaching or suggestion to combine the purchase of a commodity with the transfer of such a right from the seller of the commodity. Claims 9-12 are also not obvious for the reasons discussed above with respect to claim 1. Withdrawal of the rejection and reconsideration of the claims are respectfully requested.

C. Claims 13-19

Claims 13-15 and 19 have been rejected for the reasons discussed above and because it is allegedly "old and well-known in the art of energy generation and insurance policies for a customer to be provided with various prices from competing companies. . . ." Competitive bids are also considered to be "old and well-known." The Examiner concludes by stating that "it

would have been obvious . . . to let various companies selling energy and energy insurance policies . . . offer competitive prices to one or more customers to allow customers to quickly and easily shop around. . . ." Whether the Examiner's conclusion is correct or not (it is not), that is not the claimed invention.

Claims 13-15 and 19 do not merely enable a customer to "shop around" as the Examiner appears to believe. In each of these claims, available prices are processed and the lowest price is displayed to the customer, simplifying decision making by the customer. The party implementing the method compares the prices, not the customer.

In particular, claim 13 requires displaying to the customer the lowest of four determined prices: 1) a first price (a price of a commodity at a first tier from a first source, for a customer), 2) a sum of a second price (price of the commodity at a second tier) and a third price (price for a first insurance instrument for a risk of purchasing the second tier commodity from the first source), 3) a fourth price (the price of the commodity at the first tier from a second source, for the customer), and 4) a sum of a fifth price (a second tier price from the second source) and a sixth price (a price of an insurance instrument for risk of purchasing from the second source). In other words, in the claimed method, the claimed prices are determined and then the lowest price is displayed. The features of the prior art considered "old and well-known" by the Examiner do not show, teach or suggest determining the claimed prices and displaying the lowest of the claimed prices, as claimed.

Claim 14 describes a method of managing the sale of a tier-priced commodity, wherein individualized prices are computed for two customers. For example, first and second prices (for the commodity at the first tier and at the second tier, respectively) offered to a first customer and corresponding fourth and sixth prices for a second customer are determined. The prices may be

the same or may vary based on the geographic locations of each customer, for example. Third and sixth prices for insurance may vary for the first and second customers, respectively, based on the particular risks faced by each customer. The lowest of the first price and the sum of the second and third prices is displayed to the first customer, and the lowest of the fourth price and sum of the fifth and sixth prices is displayed to the second customer. Again, decision making by the customer is simplified. The Examiner has not cited any references nor taken Official Notice of such a method.

Claim 15 and the claims dependent upon it define a method for managing the sale of a tier-priced commodity that may be part of a bidding process by buyers, for example, wherein a first price for a commodity and an insurance instrument is displayed to a first bidder, and a second price for the commodity and an insurance instrument is displayed to a second bidder. Bids are received. The commodity is sold and the right to collect against the insurance instrument is transferred to the bidder who exceeds their respective offer price by the greatest amount.

Therefore, in the claimed process, one entity is offering different bundled products to different customers. Claim 19, which is dependent on claim 15, recites that the first and second prices are different. The Examiner has not shown where in the prior art such a process is shown, taught or suggested, nor taken Official Notice of such a process.

Withdrawal of the rejection and reconsideration of claims 13, 14, 15 and 19 are respectfully requested.

D. Claims 20-38

Independent claim 20 and the claims dependent upon it recite a method of selling a tierpriced commodity comprising offering for sale a bundled product comprising a commodity at a

second tier and an insurance instrument to indemnify against a risk associated with purchase of the commodity at the second tier. Claims 28-38 are similar to claims 12-19, except that bundled products are specifically recited. The PowerBacker^(SM) product does not show, teach or suggest selling a bundled product, as claimed. It would not have been obvious for an insurance company, such as Cigna, to sell commodities in conjunction with their insurance as a bundled product, as claimed.

As mentioned above, it is advantageous to a consumer for a single entity to offer the "commodity at said tier for sale at a third price, wherein said third price is a fraction of at least said first price [price of commodity at the tier with at least one risk] and said second price [price of the insurance instrument], to simplify the purchase process for the consumer. In the claimed process, the consumer only has to deal with one seller of the bundled, not two seller, one selling the commodity and the other selling the insurance instrument. This may save the consumer time and lower costs, such as transaction costs. In addition, it offers the consumer greater flexibility during negotiations with the seller to obtain better combination of terms related to the commodity and terms related to the insurance instrument. It may assist the consumer in negotiations with the seller because there is the opportunity to balance and tradeoff terms of the commodity sale with the terms of the insurance instrument. The consumer would not have that opportunity if the commodity and the insurance had to be purchased from different parties.

The Examiner asserts that it is old and well-known in the art "for a commodity provider to provide a corresponding insurance as well in one bundled product." The Examiner uses as an example of products sold in electronics stores. Electronic products, which are manufactured, are not "commodities", as described in the specification and claimed. The specification gives as

examples of commodities water, electricity, natural gas and telecommunications band width.

Such products are not mass produced, manufactured products, such as electronic devices.

Commodities are typically produced by multiple sources and are considered equivalent regardless of the source. (See, for example, Wikipedia, The Free Encyclopedia, www.wikipedia.org/wiki/commodity, a copy of which is enclosed.). According to the Dictionary of Finance and Investment Terms, commodities are "bulk items such as grains, metals, and foods traded on a commodities exchange or on the spot market." (Dictionary of Finance and Investment Terms, Barrons, Sixth Edition, 2003, p. 123, a copy of which is enclosed). These definitions are consistent with the use of the term "commodity" in the specification and claims.

More particularly, the specification describes and the claims are limited to "tier-priced" commodities, wherein the commodities may be purchased under differing conditions of service. As described above, electricity, for example, may be sold at a "firm," first tier, wherein electricity is provided on a non-interrupted basis. Electricity may also be sold at an "interruptible," second tier, which is typically less expensive than first tier but has no guarantee of delivery when needed. For example, if the weather is unexpectedly hot for an extended period of time, a utility might not be able to meet the demand for electricity, for example. If the second tier electricity is not delivered when needed, a customer may have to purchase "spot" power, which is typically more expensive than the first tier power.

Electronic products, such as television sets, in contrast, have different qualities, features, and prices. They are not necessarily equivalent and they are sold in stores, not on commodity or spot markets. Electronic products are not, therefore, "commodities" as defined in the references noted above and as described in the specification. Furthermore, electronic products do not have tiers with different associated risks, as do commodities.

In addition, when manufactured electronic products, such as VCRs, TV sets and radios break or wear out, consumers look to the seller of the products to repair or replace them. In contrast, the risk of interruption is an acknowledged risk of purchasing tiered priced commodities at other than a first tier price. A purchaser would not seek redress from a seller of a commodity at a second tier for interruption in delivery because of weather, for example, as they would the seller of an electronics device that breaks. Such redress is only available for first-tier priced commodities. If it was available for a second-tier priced commodity, then the second-tier priced commodity would actually be a first-tier priced commodity.

Electronic stores offer insurance against the future risk of breakage, etc., after the product is acquired by the purchaser. Such a risk is not "at least one risk associated with purchasing" the product at a particular tier. In addition, the cost of the insurance does not depend at all on the purchaser of the product. The insurance against that risk of breakage, etc., has a predetermined term, such as one or two year, for example. Commodities, such as oil, gas, electricity, etc., in contrast, do not require repair and do not wear out. Instead, purchasers of commodities face the risk of interruption of delivery due to weather, for example. Commodities are therefore faced with completely different risks than electronics products and the type of insurance provided with electronic products is completely different than the insurance instrument of the claimed bundled commodity/insurance product.

Since electronic products are not commodities, not tier priced, present completely different risks and types of insurance, the combination of the sale of an electronic device with the sale of insurance in case of breakage does not, therefore teach or suggest bundling a tier priced commodity with insurance against a risk of buying the tier priced commodity, as claimed.

Withdrawal of the rejection of claims 20-38 and reconsideration of the claims are respectfully requested.

VI. Conclusion

Allowance of the application in light of these Amendments and Remarks are respectfully requested.

Respectfully submitted,

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to surround with a (1878) : having a raised edge

he tongue)

-ky-lê, -lì\ [NL, fr. LL, litt VALE] (1859): an anatomine between the base of the √lər\ adi

r-lor(ad)

OF valee, fr. val valley —
ression of the earth's surface
b: an area drained by a rivindition 3 a: HOLLOW, DEslopes of a roof that form on

Joaquin valley of California

is (Philip VI of France)] (ca. ouse that ruled from 1328 to

r. MGk balanidia, pl. of barre at GLAND] (1722): dried en oak (Quercus macrolepis g leather ML valor value, valor, fr. L

): strength of mind or spirit er with firmness: personal

Pg valorizar, fr. valor value, to enhance the price, value, umental action (using subsila-ra-'zā-shan\n - val-or-ous-ly adv

often cap [Valpolicella, dis-alian table wine tonio Maria Valsalva †1723 a forceful attempt at ex and keeping the mouth shut ne eustachian tubes or of ad-Valsalva

'ALTZ] (1796) : WALTZ; specif

89) 1 a : having monetary

ssession (as jewelry) of rela-

ratuable consideration n (1638): an equivalent or compensation havremainte consideration in (1936); an equivalent of compensation hav-ing value that is given for something acquired or promised (as money or marriage) and that may consist either in a benefit accruing to one

party or a loss falling upon the other ratheaste \'val-y>-wai\' vr -at-ed; -at-ing (1873): to place a value on

ral-u-a-tion \val-y--wa-shon\ n [MF, fr. valuer to value, fr. value] reliniation (valya-wa-shan n fun; it seed to value; it state (1529) 1: the act or process of valuing; speed; appraisal of property 1: the estimated or determined market value of a thing 3: judgment or appreciation of worth or character — val-u-a-tion-al \-shnal, -shannyn adj — val-u-a-tion-al-ly adv val-u-a-tor \val-u-a-tor \val

and and an individual of the problem of the production and praises in the individual of the problem of a praises in the individual of the problem of the problem of a praise in the problem of the proble

production and distribution of a commodity and that typically has the

production and distribution of a commonity and that typically has the impact of a sales tax on the ultimate consumer. "valued \'val-(.)yūd, -yəd\ adj (1595): having a value or values esp. of a specified kind or number — often used in combination \(\tau \)real-valued\\
value-free \'val-(.)yū-'frē\ adj (1948): making or having no value judgments \(\times \) distinctions\(\lambda \) \(\times \) economics\(\times \) value \(\times \) good or value (as good or value to the constable of the cons

the agreed upon or exchange value of a currency 2: FOREIGN EX-

CHANGE 2 "All-vāt\ adj (1829): having valves or parts resembling a valve; esp: meeting at the edges without overlapping in the bud (as in the calyx of a mallow) and the calyx of a mallow) are 'valva' n [L valva', akin to L volvere to roll — more at voluble]

the calyx of a mallow) valve \(^1\vert \) valve \(^1\vert \) is a structure esp. in a vein or lymphatic that closes temporarily a passage or orifice or permits movement of fluid in one direction only 3 a any of numerous mechanical devices by which the flow of liquid, gas, or loose material in bulk may be started, stopped, or regulated by a movable part that opens, shuts, or partially obstructs one or more ports or passageways; also: the movable part of such a device in a brass instrument for quickly channeling air flow through an added length of tube in order to change the fundamental tone by some definite interval \(^1\chi \) chieffy \(Bit\): ELECTRON TUBE \(^1\) \(^1\) (NL valva, (r. L): one of the distinct usu. hinged and movable pieces of which the shell of some shell-bearing animals (as lamellibranch mollusks, brachiopods, and barnacles) consists \(^5\) (NL valva, (r. L) \(^1\) a: one of the segments or pieces into which a dehiscing capsule or legume separates \(^1\) is the portion of various anthers (as of the barberry) resembling a lid \(^1\) c: one of the two encasing membranes of a diatom — valved \(^1\vert \) valva\(^1\) aid \(^1\vert \) valva\(^1\) aid \(^1\vert \) valva\(^1\) aid \(^1\vert \) valva\(^1\) aid \(^1\vert \) valva\(^1\) or of the cart \(^1\vert \) and \(^1\) (1797) \(^1\) : resembling or functioning as a valve; \(^2\) also copening by valves \(^2\) of, relating to, or affecting a valve sp. of the heart \(^1\chi \) valva\(^1\) valva\(

esp. of the heart
va.moose \vo-'mus, va-\ vi va-moosed; va-moos-ing [Sp vamos let us

va-moose (va-mus, va-\ vi va-moosed; va-mooseing [Sp vamos let us go, suppletive 1st pl. imper. (fr. L vadere to go) of ir to go, fr. L ire—more at wadde, issue] (1840): to depart quickly 'vamp \ vamp\ va

vamp n [short for vampire] (ca. 1911) : a woman

ramp n [short for vampire] (ca. 1911): a woman who uses her charm or wiles to seduce and exploit men — vampish \u2215 vampish \u2215 vampir (ca. 1915): to practice seductive wiles on vampire \u2215 vampir [To [F. fr. G Vampir, fr. Serbos Croatian vampir] (1734) 1: the reanimated body of a dead person believed to come from the grave at night and suck the blood of persons asleep .2 a : one who lives by preying on others b: a woman who exploits and ruins her lover 3: VAMPIRE BAT — vampir-ish \u2215 ish \

youngi, and Diphylla ecaudata of the subfamily



vampire bat

Desmodontinae of the family Phyllostomidae) that feed on the blood of bestmonontinate of the farmly Physicistonia of that are sometimes vectors of equine trypanosomiasis and of rabies; also: any of several other bats (as of the families Megadermatidae and Phyllostomidae) that do not feed on blood but are sometimes reputed to do so varm-pir-ism _pir-i-zam\ n (1794) 1: belief in vampires 2: the actions of a remainer

that do not feed on blood but are sometimes reputed to do so vamplr-ism _pir_i-zm\n (1794) 1: belief in vampires 2: the actions of a vampire 'van \(van\) n [ME, fr. MF, fr. L vannus — more at WINNOW] (14c) 1 dial Eng: a winnowing device (as a fan) 2: WING la 'van n [by shortening] (1610): VANGUARD \(van n \) [short for caravan] (1829) 1 a: a usu. enclosed wagon or motortruck used for transportation of goods or animals; also: CARAVAN 2a b: a multipurpose enclosed motor vehicle having a boxlike shape, rear or side doors, and side panels often with windows c: a detachable passenger cabin transportable by aircraft or truck 2 chiefly Brit: an enclosed railroad freight or baggage car 'van n' anned; van-ning (1840): to transport by van van-a-date \(va-n-\)dat\(n \) [NL, vanadium + E '-ate] (1835): a salt derived from vanadium pentoxide and containing pentavalent vanadium van-a-di-um \(va-n-\)dat\(n \) [NL, vanadium + E '-ate] (1835): a grayish malleable ductile metallic element found combined in minerals and used esp. to form alloys (as vanadium steel) — see ELEMENT table vanadium pentoxide n (1885): a yellowish red crystalline compound \(v2-03\) used esp. in glass manufacture and as a catalyst

Van Al-len belt \(van-\)a-lon-\(n \) [Immes A. Van Allen] (1958): a belt of intense radiation in the magnetosphere composed of energetic charged particles trapped by the earth's magnetic field; also: a similar belt surrounding another planet.

Van-nas-pa-ti \(va-\)n-a-pa-te; 'n\(nas-\)n [Skt, forest tree, soma plant, lit, lord of the forest, fr. vana forest + pati lord, master — more at POTENTI (1941): a hydrogenated vegetable fat used as a butter substitute in India van-dal \(van-dal \) (n [L Vandalii (p1), of Gmc origin] (1555) 1 cap: a

dia van-dal \'van-da'\ n [L Vandalii (pl.), of Gmc origin] (1555) 1 cap: a member of a Germanic people who lived in the area south of the Baltic between the Vistula and the Oder, overran Gaul, Spain, and northern Africa in the 4th and 5th centuries A.D., and in 455 sacked Rome 2: one who willfully or ignorantly destroys, damages, or defaces property belonging to another or to the public — vandal adj, often cap—Van-dal-le \van-'da-lik\ adj

Van-dal-le (van-'da-lik) adj van-dal-lse Brit var of VANDALIZE van-dal-lsm (van-d'l-i-zəm) n (1798): willful or malicious destruction or defacement of public or private property van-dal-ls-tic_\van-d'l-i-sik, adj (1897): of or relating to vandalism van-dal-ize \'van-d'l-iz\\ vi -ized; -iz-ing (1845): to subject to vandalism: van-da orchid \'van-d>-\ n [NL, fr. Hindi vandā mistetoe, fr. Skt, a par-asitic plant] (1943): any of a large genus (Vanda) of Indo-Malayan epi-phytic orchids often grown for their loose racemes of showy flowers— called also vanda

phytic orchids often grown for their loose racemes of snowy flowers—called also vanda

Van de Graaff generator ('van-da-graf-\ n [Robert J. Van de Graaff †1967 Am. physicist] (1937): an apparatus for the production of electrical discharges at high voltage commonly consisting of an insulated hollow conducting sphere that accumulates in its interior the charge continuously conveyed from a source of direct current by an endless belt of flexible nonconducting material

van der Waals forces \van-dar-wolz-, 'v\u00e4n-dar-v\u00e4lz-\n p! [Johannes D. van der Waals 1923 Du. physicist] (1926): the relatively weak attractive forces that act on neutral atoms and molecules and that arise because of the electric polarization induced in each of the particles by the presence of other particles

Van-dyke \van-'dik, \van-\n [Sir Anthony Vandyke] (1755) \quad 1 a: a wide collar with a deeply indented edge b: one of several V-shaped points forming a decorative edging c: a border of such points 2: a trim pointed beard — van-dyked \\dik\tau adj

Vandyke brown n [fr. its use by the painter Vandyke] (ca. 1850): a natural brown-black pigment of organic matter obtained from bog earth or peat or lignite deposits; also: any of various synthetic brown pigments

vane \(\forall van\\) n [ME (southern dial.), fr. OE fana banner; akin to OHG fano cloth, L pannus cloth, rag] (15c) 1 a: a movable device attached to an elevated object (as a spire) for showing the direction of the wind to an elevate to object (as a spire) tot showing the affection of the wine be one that is changeable or inconstant 2: a thin flat or curved object that is rotated about an axis by a flow of fluid or that rotates to cause a fluid to flow or that redirects a flow of fluid (the ~s of a windmill) 3: the web or flat expanded part of a feather — see FEATHER illustration 4: a feather fastened to the shaft near the nock of an arrow — vaned

\\vand\\adj\\van\\gard\\ran\\\ran\\gard\\ran\\\ran\\gard\\ran\\\ran\\gard\\ran\\\ran\\gard\\\ran\\\gard\\ran\\\ran\\\gard\\ran\\ran\\\ran\\ran\\ran\\\ran\\ran\\\ran\\ran\\\ran\\ran\\\ran\\ran\\ran\\\ran\\ran\\ran\\\ran\\ran\\ran\\ran\\ran\\ran\\ran\\\ran

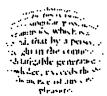
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: PLAIN, ORDINARY vanilla bean n (1874): the long capsular fruit of a vanilla (esp. Vanilla planifolia) that is an important article of commerce vanil-lin \va-n\lambda-o\hat n (ca. 1868): a crystalline phenolic aldehyde CaHsO3 that is extracted from vanilla beans or prepared synthetically and is used esp. in flavoring and in perfumery Vanir \van_ir\ n p! [ON]: a race of Norse gods who become united with the Accident

with the Aesir

\a\ abut \a\ kitten, F table \ar\ further \a\ ash \a\ ace \a\ mop, mar \au\out \ch\chin \e\bet \e\easy \g\go \i\hit \i\ice \i\job \n\ sing \o\ go \o\ law \oi\ boy \th\ thin \th \the \u\ loot \u\ foot \y\ yet \zh\ vision \a, k, ", œ, œ, w, w, \vec{w}, \see Guide to Pronunciation

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Commodity

From Wikipedia, the free encyclopedia.

A **commodity** is something whose market value arises from the owner's right to sell rather than the right to use. Example commodities from the financial world include oil (sold by the barrel), wheat, and even pork-bellies. More modern commodities include bandwidth, RAM chips and (experimentally) computer processor cycles, and negative commodity units like emissions credits.

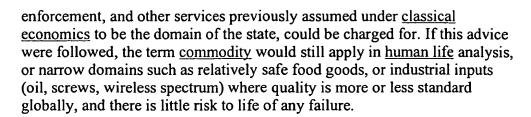
In the original and simplified sense, prior to the advent of globalization, commodities were things of value, of uniform quality, that were produced in large quantities by many different producers; the items from each different producer are considered equivalent. It is the contract and this underlying standard that define the commodity, not any inherent quality of it as a living organism as such. One can reasonably say that food commodities, for example, are defined by the fact that they substitute for each other in recipes, and that one use the food without having to look at it too closely:

Wheat is an example. Wheat from many different farms is pooled. Generally, it is all traded at the same price; wheat from Joe's farm is not diffentiated from wheat from Jane's farm. Some uniform standard of quality must necessarily be assumed, leading to different pools: one say for genetically modified wheat, and one for not. Failures to match the consumer's assessment of risk, usefulness for some purpose, can lead to lower prices or the necessity of dividing the market into different pools - a very major issue in agricultural policy.

If the division into pools is effective, <u>markets for trading commodities</u> can be very <u>efficient</u>; Like all markets, they quickly respond to changes in <u>supply and demand</u> to find an <u>equilibrium price</u>. Producers often attempt to 'decommodify' their products by <u>branding</u> them. Branding attempts to make similar products from different producers more distinguishable. This stategy can often lead to higher prices for the items than would be produced in a <u>commodity</u> market - making a <u>product market</u>. This is the logical consequence of splitting into one pool per <u>brand name</u>.

Globalization has largely obsoleted this older "thing-based" definition, as the property right in that "thing", and standard of quality expected, and right to sue if it is not met, tends to vary widely across even the most developed nations. Accordingly there is now more emphasis on contract, and on insurance, and currency dynamics in modern commodity markets.

Some <u>economists</u> advise redefining every commodity and product market as a <u>service market</u>, wherein state inspections, market regulation, property rights



See Commodity markets, trade, property.

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Dictionary of Finance and Investment Terms

Sixth Edition

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Preface to the Sixth Edition Acknowledgments How to Use This Book Effecti **Terms**

Abbreviations and Acronyms

Kodak, which must buy great quantities of silver for making film, might hedge its holdings in the silver futures market.

COMMERCIAL LOAN short-term (typically 90-day) renewable loan to chase of inventory or production and distribution of goods. Commercial loans-shown on the balance sheet as notes payable-rank second only finance the seasonal WORKING CAPITAL needs of a business, such as purto TRADE CREDIT in importance as a source of short-term financing. Interest is based on the prime rate. See also CLEAN.

be issued directly—direct issuers do it that way—or through brokers equipped to handle the enormous clerical volume involved. Issuers like rates are usually marginally lower than bank rates. Investors—actually lenders, since commercial paper is a form of debt-like the flexibility and is nearly always backed by bank lines of credit. Both Moody's and and usually discounted, although some are interest-bearing. They can commercial paper because the maturities are flexible and because the and safety of an instrument that is issued only by top-rated concerns COMIMERCIAL PAPER short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured Standard & Poor's assign ratings to commercial paper.

property is sold at a profit. Investing in commercial property also entails large risks, such as nonpayment of rent by tenants or a decline producing property, such as office buildings, restaurants, shopping mercial property usually must be zoned for business purposes. It is Investors receive income from rents and capital appreciation if the centers, hotels, industrial parks, warehouses, and factories. Com-COMMERCIAL PROPERTY real estate that includes incomepossible to invest in commercial property directly, or through REAL ESTATE INVESTMENT TRUSTS OF REAL ESTATE LIMITED PARTNERSHIPS. in property values because of overbuilding or low demand.

COMMERCIAL WELLS oil and gas drilling sites that are productive enough to be commercially viable. A limited partnership usually syndicates a share in a commercial well.

COMMERCIAL YEAR 12 months times 30 days.

COMMINGLING

customers' collateral to secure brokers' loans-is permissible with customer consent, but certain securities and collateral must by law be Securities: mixing customer-owned securities with those owned by a firm in its proprietary accounts. REHYPOTHECATION-the use of

with each customer owning a share of the total fund. Similar to a Fust banking; pooling the investment funds of individual accounts, MUTUAL FUND.

COMMODITY FUTURES TRADING COMMISSION (CFTC)

COMMISSION

Real estate: percentage of the selling price of the property, paid by the

Securities: fee paid to a broker for executing a trade based on the number of shares traded or the dollar amount of the trade. Since 1975, when regulation ended, brokers have been free to charge whatever they like.

COMMISSION BROKER broker, usually a floor broker, who executes trades of stocks, bonds, or commodities for a commission.

COMMITMENT FEE lender's charge for contracting to hold credit available. Fee may be replaced by interest when money is borrowed or both fees and interest may be charged, as with a REVOLVING CREDIT.

bers and codes for all securities. These CUSIP numbers and symbols are used when recording all buy or sell orders. For International Business Machines the CUSIP symbol is IBM and the CUSIP number COMMITTEE ON UNIFORM SECURITIES IDENTIFICATION PROCEDURES (CUSIP) committee that assigns identifying numCOMMODITIES bulk goods such as grains, metals, and foods traded on a commodities exchange or on the spot MARKET. See also SECU-RITIES AND COMMODITIES EXCHANGES.

COMMODITIES EXCHANGE CENTER former home of New York commodity exchanges at the former World Trade Center.

ing commodity. An investor whose bond is tied to the price of silver or gold receives interest pegged to the metal's current price, rather than a fixed dollar amount. Such a bond is meant to be a hedge against COMMODITY-BACKED BOND bond tied to the price of an underlyinflation, which drives up the prices of most commodities.

commodity futures contracts, see SECURITIES AND COMMODITIES as heating oil, natural gas, and crude oil. For a complete listing of as the Chicago Board of Trade or the Commodity Exchange in New York. There are commodity futures contracts based on meats such as cattle and pork bellies; grains such as corn, oats, soybeans and wheat; metals such as gold, silver, and platinum; and energy products such ticular date in the future. The price of the contract is determined using the OPEN OUTCRY system on the floor of a commodity exchange such COMMODITY FUTURES CONTRACT FUTURES CONTRACT tied to the movement of a particular commodity. This enables contract buyers to buy a specific amount of a commodity at a specified price on a par-EXCHANGES.

lating the U.S. commodity futures and options markets. The CFTC is COMMODITY FUTURES TRADING COMMISSION (CFTC) independent agency created by Congress in 1974 responsible for regu-